REGIONAL CENTER
OF ORANGE COUNTY

August 20, 2004

Dear California Performance Review Commissioners:

Thank you for the opportunity to contribute to the California Performance Review Commission's public hearing addressing Health & Human Services. Regional Center of Orange County has reviewed the CPR report and commends its overall direction. We strongly support recommendations (HHS24, in particular) to increase federal financial participation to fund the community care system for Californians with developmental disabilities.

For some time, Regional Center of Orange County has advocated for California to more aggressively pursue federal dollars by stepping up efforts to identify and qualify eligible individuals under the current Medicaid waiver, by broadening the scope of the current waiver, and by maximizing federal funds for service categories already approved under the waiver, such as transportation, supported living, day program and other services. To that end, we believe that by implementing HHS24 *Intermediate Care Facilities for Individuals with Developmental Disabilities not Benefiting from Full Federal Participation* -- as well as other measures -- California will make great strides toward ensuring its ability to keep the promise of services to people with developmental disabilities, now and in the future.

We also support the cost-savings and federal-funding goals of HHS02, with its recommendation to centralize responsibility for the In-Home Supportive Services program by transferring current county duties to the state. It will be important to remember, however, that IHSS services must be tailored to the needs of each individual and locally delivered. Any centralized assessment will need to be sensitive to individual concerns and easily accessible. Otherwise, there is a risk that potential recipients will be driven to higher-cost service options – including institutional care – that will actually increase, rather than decrease, costs, as well as severely limit independent living possibilities for many with developmental disabilities in our communities.

<u>In addition, while maximizing federal funding for the community care system is essential, just as important is ensuring that every tax dollar – federal or state – is used effectively and efficiently on behalf of people with developmental disabilities and taxpayers</u>. The regional center system is the linchpin of this effort, a crucial resource for thousands of Californians with developmental disabilities who rely on their local center to help them live safely and with dignity in our communities. But even a good system can be made better. With this in mind, I am providing a document entitled *RCOC: A Model for Improved Performance in California's Community Care System*. This document details many of the strategies and technologies our center has used to keep our service cost growth the lowest in the system, while still meeting the genuine needs of people with developmental disabilities and their families.

Thank you for the opportunity to share RCOC's input on the CPR Report and our ideas for enhancing performance and efficiencies in the regional center system. Please feel free to contact me at 714-796-5204 with any questions or if I can be of further assistance.

Sincerely,

Bill Bowman
Chief Executive Officer

Regional Center of Orange County
A Model for Improved Performance in California's Community Care System

I. INTRODUCTION

Created by the Lanterman Act, California's regional center system of community care was pioneering in its:

- commitment to ensuring that people with developmental disabilities and their families have access to needed services and supports;
- vision for providing community-based care and services for people with developmental disabilities and their families; and
- recognition that a network of locally-run non-profits (the regional centers) would be better positioned than a state-run bureaucracy to steward tax dollars spent on behalf of consumers and their families.

More than 30 years later, spending figures and outcome measures clearly demonstrate the superior efficiency of the community care system over state-run developmental centers (average annual per capita cost of $13,400 vs. $205,000). However, the confluence of California's budget crisis, dramatic increases in spending for community-based services, large allocation deficits among some regional centers, and a new state-level focus on organizational performance, have raised legitimate questions about regional center system performance and the continued viability of the Lanterman model of local control and authority.

This document examines the case of Regional Center of Orange County (RCOC), demonstrating that the Lanterman vision is not only still viable and relevant, it is critical to retaining and increasing federal dollars to fund services. RCOC's approach to doing business and its effective deployment of technology could be a model for other regional centers working to achieve greater efficiencies in meeting evolving consumer and state needs. While this document focuses on results achieved and methods currently employed, it is important to note that the center's transformation to this point was a multi-year process and that improvement is ongoing.

II. RCOC PERFORMANCE RESULTS

The changes made at Regional Center of Orange County are driven by three imperatives for California's community care system: ensuring that the needs of people with developmental disabilities and their families are met with effective, high-quality services and supports; exercising fiscal responsibility, in keeping with the Lanterman Act's mandate that taxpayer dollars for services and supports (Purchase of Service or POS), as well as administrative and managerial functions (Operations), are expended in a cost-effective manner; and performing the local level activities that are required to generate and maintain increased federal dollars as a reliable revenue source to fund California's developmental services system.

This began with defining the regional center's four-part role – determining eligibility, facilitating service planning, exercising fiscal oversight, performing quality assurance – and then structuring each aspect of the organization and its operations to maximize results in these areas for both service recipients (consumers) and service funders (taxpayers).

Though not modeled on federal government performance budgeting, RCOC's effort has much in common with it and foreshadowed principles embodied in the Administration's current California Performance Review. The center scrutinized long-standing practices about how business is conducted, introducing proven business tools and practices to improve productivity, efficiency, resource management and customer service. All are linked and enabled by technology, the centerpiece being Virtual Chart software developed and refined by RCOC specifically for regional center application, and performance-based compensation practices that reward excellence.

A. Consumer Needs, Measurable Outcomes & "Customer" Satisfaction

Regional Center Performance Measurement – As RCOC transformed its way of doing business, it sought accountability by participating in the National Core Indicators (NCI) project[1], beginning in 2000. Alongside 20 states, RCOC performance/outcomes are measured against a nationally recognized set of 100 performance and outcome indicators -- the most definitive measurement tool currently available. Surveys of families and consumers reveal high satisfaction with RCOC service coordination and support-related choices, and significantly above the national average on NCI's community inclusion scale and personal choices scale. California is now following RCOC's lead by exploring implementation of NCI measurement statewide.

Program Performance Assessment/Outcomes Measurement – In addition to itself being accountable for results, RCOC has pioneered performance accountability with its service providers. In 2002, RCOC secured a grant from the Orange County Children and Families Commission (Proposition 10) to fund a study of its Early Start autism services[2], a fast-growing, high-cost service sector. RCOC has implemented widespread changes in its approach to autism services and supports in response to the epidemic and family needs, making these changes based on solid research in the field. Chief among these changes is RCOC's insistence that service providers participate in frequent, objective progress assessments. In the past, autism programs for children reported back to RCOC at six-month intervals using a wide range of criteria and formats. Working collaboratively with the people who operate autism programs, RCOC has instituted three-month reporting requirements, with consistent, research-based measurement criteria so both parents and staff have quantifiable results to evaluate a program's effectiveness

---

[1] The National Core Indicators is a collaboration among NASDDDS member state agencies, RCOC and the Human Services Research Institute (HSRI) that began in 1997 to develop nationally recognized performance and outcome indicators to enable developmental disabilities policy makers to benchmark the performance of their state against the performance of other states. NCI also enables participants to track system performance and outcomes from year to year on a consistent basis.

[2] *Outcomes of Community-Based Early Start Autism Services,* John D. Cone, Ph.D., June 17, 2003.

and better evaluate their options. These excellent results led RCOC to extend this assessment/measurement approach to encompass all children in its Early Start programs.

RCOC is working toward defining appropriate, measurable outcomes for the full range of programs and service categories it funds to ensure that tax dollars are being spent on programs that work in helping people with developmental disabilities reach their full potential. In the interest of equity for consumers statewide, however, a larger public policy discussion should seek to align regional centers' widely divergent interpretations about the meaning of the Lanterman Act's references to "consumer choice," "consumer need" and "cost effectiveness" of services.

B. Fiscal Responsibility & Cost Containment

According to Department of Developmental Services figures, RCOC has achieved the lowest POS growth in the system (47.4% over the five-year period FY 98-99 through FY 02-03), though its caseload growth was 6th out of the 21 regional centers (26.7%). Even though RCOC operates in a high cost urban setting, its annual per capital cost is just $10,700 versus the statewide average of $13,400. The following chart illustrates the dollar savings associated with RCOC's performance in relation to several high-cost, high-growth service categories for the six-year period FY 97-98 through FY 02-03:

CATEGORY	SYSTEM GROWTH	RCOC GROWTH	RCOC SAVINGS
Residential	103.8% increase	83% increase	$4.2 million
Day Programs	70.2% increase	36.6% increase	$4.2 million
Supported Living/ILS	140.1% increase	101.2% increase	$2.6 million
Respite/Day Care	191.5% increase	56% increase	$6.1 million
		Savings Subtotal:	**$17.1 million**

Auditing and Fiscal Scrutiny – Integral to regional centers' role as California's local representatives charged with managing the state's business on behalf of people with developmental disabilities is their responsibility as fiscal watchdogs. As part of its focus on fiscal stewardship, RCOC performs audits on an average of 40% of its service providers each year to ensure accurate and appropriate billing and service delivery. The return on this investment is shown in the performance of RCOC staff: two individuals, representing about $100,000 in total personnel costs, perform program and fiscal audits that identified $532,858 in funds for recovery in FY 02/03 alone. Of these, $300,083 has already been recovered, with an additional $232,775 on appeal and to be recovered pending a state-level decision. (The state has upheld RCOC's findings in 86 percent of all audits appealed).

Boosting Consistency – Inconsistency, both in the level and types of services and supports provided to consumers in similar circumstances, and the knowledge and expertise of staff who deal with consumers and families, impacts both fiscal results and consumers' access to needed services. While POS standards being discussed at the state level can help to overcome these systemic problems, RCOC has introduced several local level initiatives in these areas, including:

Resource Consultation Groups – To better equip service coordinators to be informed members of consumers' planning teams, RCOC formed Resource Consultation Groups composed of experts in all aspects of consumer services and supports. They bring together the best minds available to provide ongoing education to service coordinators about the choices consumers have among service options. Resource Consultation Groups have raised the expertise of service coordinators and enabled RCOC to better manage its allocation because planning teams are mindful of the Lanterman mandate for taxpayer-funded services to be cost effective in meeting consumer needs.

Eligibility Assessments – While Lanterman places the responsibility for determining eligibility on the regional center, many centers rely on assessments from outside professionals with varying degrees of expertise and inconsistent evaluation criteria, some of whom stand to profit from service provision once a consumer enters the system. RCOC has addressed this challenge with an expanded clinical staff who now conduct the majority of eligibility assessments for the center. This has not only been a cost-effective transition, it has yielded more consistent and reliable results. Consumers and families can trust that the process is objective and professional, while the state is assured that the team has no financial interest in the assessment result.

Data Management – Today's highly-mobile workforce, combined with the sheer volume of required consumer and resource data, pose a risk to continuity and "institutional memory" critical to ensuring excellent service to consumers and providing the state and federal government with the data they need. RCOC uses technology to overcome these challenges and improve resource management. With all consumer data residing in Virtual Chart, every staff member dealing with a family can be more responsive by virtue of their access to comprehensive, real-time information; documentation and statistical information can be readily marshaled for federal audits and reporting purposes; management can review changes in POS expenditures to help predict service demand and spot trends that can affect the center's budget. Virtual Chart is a proven, already paid-for management tool that has been developed and refined by Regional Center of Orange County (RCOC) since 1998.

Service Sets -- Currently, RCOC is exploring implementation of the Supports Intensity Scale (SIS), an assessment tool produced by American Association on Mental Retardation that shows promise in helping regional centers identify specific service sets and levels of service proven to deliver measurable results in meeting consumers' needs. Statewide, such a tool could be particularly helpful in the community-based day programs and supported living services categories where service sets and per capita expenditures vary widely.

Eliminating Overlap/Streamlining Through Collaborations – As the payor of last resort, responsible for helping consumers access appropriate generic services, RCOC has initiated a number of collaborations that have resulted in more seamless and integrated service/delivery and eliminated duplication and waste among taxpayer-funded services its consumers need. For example:

- Transportation – RCOC works closely with the Orange County Transportation Authority (OCTA) to provide convenient, cost-effective public transportation for consumers, negotiating transportation contracts and collaborating on route development and consumer information and driver education activities. This active collaboration has significantly lowered RCOC's transportation costs by reducing the need and use of high-cost private operators, such as taxis and ACCESS vehicles. In addition, RCOC has capped transportation costs relating to day programs by incorporating transport responsibilities into day vendor contracts, encouraging vendors to devise more innovative options. Together, these initiatives have helped RCOC manage transportation costs, with per capita expenditures averaging $128/month as compared to the statewide average of $219/month. RCOC's total costs for transportation in FY 02/03 were $6.6 million; that figure would have been an estimated $11.3 million had RCOC spent at the per capita statewide rate. RCOC's approach could yield substantial savings at other regional centers across the state where inexpensive public transportation is widely available.

- <u>Interagency Autism Group</u> – In an effort to better coordinate the transition for children from RCOC's Early Start programs to school-based special education programs, RCOC led a collaboration between RCOC, the Orange County Department of Education, UCI Medical Center, For OC Kids, Behavioral Services, private physicians, psychologists, speech/language pathologists, physical and occupational therapists, local school districts and parents. The collaboration has produced a research-based Interagency Assessment Center, parent/professional symposia, teacher training and parent support activities, yielding positive results both in terms of helping young children with autism diagnoses achieve age-appropriate or close to age-appropriate development before they enter the school system, as well as short-term and long-term cost-efficiencies for the state.
- <u>CalOPTIMA</u> – To streamline the process for RCOC consumers needing services funded by Medi-Cal, RCOC has arranged for staff from the Department of Social Services and the local Medi-Cal agency (CalOPTIMA) to be co-located at RCOC. In addition to speeding eligibility and consumer access to medical services, this collaboration has enabled service coordinators to become more knowledgeable and effective on behalf of RCOC and the consumers they serve.
- <u>UCI</u> – In 1997, RCOC began collaboration with the University of California at Irvine on a pharmacological study of its consumers, the results of which led to an ongoing clinic through which consumers prescribed psychotropic medications have their cases reviewed by top experts. The positive results for both consumers and the state's taxpayers have been dramatic, as the number of psychiatric hospitalizations has plummeted.

C. Federal Funding & Accountability

While California as a whole has been slow to respond to the opportunity to secure federal dollars available to fund developmental services, RCOC innovations (particularly technology investments) enable the center to consistently outperform the system and yield federal funding disproportionately larger than its caseload:

- RCOC's success in meeting state targets for enrolling consumers in the Medicaid Waiver yielded approximately $10 million in new federal funds in 2002.
- When the Waiver target is increased, RCOC's technology can quickly identify consumers who meet the eligibility requirements, saving time and human resources. By way of example, in April, 2001, the Department asked regional centers to aggressively qualify additional consumers to help meet the state's utilization cap. RCOC completed the task verifying 441 new consumers for the Waiver in just nine days, while other centers hired nurses to manually review each consumer's files, taking months to get the job done.
- RCOC consistently gets high marks from state and federal auditors. The center's Virtual Chart IT system enables staff to produce "audit-proof" local-level documentation in record

time; auditors recently were able to complete the process two days early, saving valuable taxpayer time for other assignments.

- Improved the accuracy and reliability of reporting federally-funded Targeted Case Management (TCM) units -- in the October 2003 reporting period, for example, RCOC was responsible for generating 12% of the state's entire TCM allocation though the center serves only 6.9% of the statewide caseload.

III. APPROPRIATE INFORMATION TECHNOLOGY SOLUTIONS

RCOC's prudent investment in appropriate information technology is inextricably linked to all aspects of its performance gains. No off-the-shelf software was adequate, so Virtual Chart was created specifically to meet the needs of regional centers. Refined over the years by RCOC, it is a state-of-the art application that is simple for staff at all levels to learn and use to become more productive and more responsive to consumers, families and other stakeholders. (The software is already paid for and is available to other regional centers for only the cost of installation and support).

When its full capabilities are employed, Virtual Chart enables staff to integrate all consumer services and provides management with real-time data to forecast trends, service needs and resource allocation. In addition to its crucial case management functions, Virtual Chart's data integration facilitates federal oversight and audit activities essential to increasing the state's share of federal funds and ensuring these are a dependable revenue source.

Virtual Chart is now being used, to varying degrees, by seven regional centers. Much of its appeal is its ease of use and the fact that it employs language/terminology familiar to the developmental services community. However, some centers have been slow to adopt this paid-for technology tool due to uncertainty regarding the State of California's planned CADDIS system for the Department of Developmental Services. The state-level CADDIS system -- wholly inadequate for regional center needs, and employing terminology foreign to the DD community -- remains in flux and behind schedule, with technical glitches that have thus far been unsolvable. California needs to replace its antiquated UFS system with a modern accounting system, regional centers need the modern case management/resource management system represented by Virtual Chart, and these two systems need to function together seamlessly.

As the California Performance Review moves forward with replacing outdated and conflicting technology systems, it should recognize that the state-of-the-art regional center system exists in Virtual Chart and plan for the capacity of the state's new accounting system to interface with it. Such an interface or "bridge" can be built at virtually no cost to the state, and will ensure the interoperability and cost-efficiency sought by the CPR.

IV. HIGH PERFORMANCE PEOPLE

Motivated and dedicated employees are key to RCOC's success in accomplishing its mission on behalf of the consumers it serves and the taxpayers who fund services. Thus, in addition to giving staff the tools and support to do their jobs more efficiently and effectively, RCOC has an organization-wide commitment to performance-based compensation. While RCOC's approach is not typical of employers in the developmental service system, it is the norm among successful private-sector companies.

RCOC's board policy directs that salary ranges be competitive in order to ensure the organization has access to, and can retain, high quality personnel. Toward this end, RCOC conducts periodic salary surveys to gauge itself against comparable employers, ties pay and promotions to the achievement of goals, and incorporates bonus pay opportunities for outstanding performance. To ensure that all employees understand their role and responsibility for achieving results, RCOC undertakes "360 degree" evaluations of all staff. Together, these pay system components incentivize people at all levels of the organization – the overwhelming majority of whom are covered by a collective bargaining agreement -- to innovate and achieve the superior results discussed in this document.

V. LESSONS FOR MANAGING A CULTURAL SHIFT

In analyzing the process that RCOC underwent to achieve its present level of performance and fiscal effectiveness, there are key learnings that others embarking on a similar transformation should take into consideration:

- Transforming the regional center's culture – its view of itself, its role in the community, the way it operates and interfaces with internal and external stakeholders -- is a multi-year process that requires strong and consistent leadership.
- Change, even manifestly positive change, brings some level of cultural upheaval. Most staff will embrace reforms that help them deliver better service to consumers, but others may be unwilling to adjust and some staff turnover is likely to occur.
- Effective use of appropriate technology is fundamental to continuous improvement in all aspects of the regional center's operation.
- While technology requires staff to do and think about their jobs differently, the influx of younger workers who are familiar with technology and comfortable using it will aid veteran staff in adopting these tools.
- Because Virtual Chart already has been created and refined, and uses terminology familiar to current staff, other regional centers have the ability to "leap frog" over the development process that was necessary to devise an application specifically for the needs of regional centers.
- Deploying the right staff for the right jobs will lead to variance from the state's core staffing formula which, if left in place, will continue to make Operations allocations difficult to manage for regional centers working to maintain effectiveness and responsiveness in a dynamic environment.
- Transformation for a performance-based, results-oriented regional center is not a one-time occurrence. Rather, it is a continuous process that requires the center to stay alert to the

environment in which it operates, in the same fashion that for-profit organizations work to maintain “competitiveness” in their marketplace.

VI. CONCLUSION

California’s regional centers perform crucial functions on behalf of people with developmental disabilities and on behalf of the state that – due to California’s size and complexity, as well as locally-based federal funding requirements – cannot be adequately performed by state staff or any other existing entity. The RCOC example proves that it is possible to accomplish these functions within the existing Lanterman framework and with a unionized workforce, while meeting fiscal targets and delivering quality consumer outcomes. With the proper tools and accountability measures, all regional centers are capable of achieving such results.

While inconsistencies within the Lanterman Act must be resolved by the Legislature, particularly the Act’s requirement that needed services be provided in a “cost effective” manner, there is much that can and should be done right now by the state and individual regional centers to achieve greater efficiencies, meet consumer needs and secure federal funds.

Regional Center of Orange County stands ready to lend its assistance and expertise to the State of California and to other regional centers willing to commit to transforming California’s community care system to meet the public’s need for effective, accountable management and consumers’ need for critical services and supports.